

January 8, 2002

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**TEN YEAR LEASE  
DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
24269-73 SAN FERNANDO ROAD, NEWHALL  
(FIFTH) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the attached ten-year lease with Work Boot Warehouse, (Lessor), for 5,700 rentable square feet of office space and 20 surface parking spaces for the Department of Community and Senior Services (DCSS), at an initial annual maximum net County cost (NCC) of \$85,842.
2. Authorize the Lessor and/or Director of the Internal Services Department (ISD) at the direction of the Chief Administrative Office (CAO), to acquire telephone systems for DCSS at a cost not to exceed \$27,000. At the discretion of the CAO, all or part of the telephone systems may be paid in a lump sum or financed over a five-year term not to exceed \$6,312 per year in addition to other tenant improvement (TI) allowances provided under the lease.
3. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County, approve the Negative Declaration and find that the project will have no adverse effect on wildlife resources and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.

The Honorable Board of Supervisors  
January 8, 2002  
Page 2

4. Approve the project and authorize the CAO, DCSS , and ISD to implement the project.  
The lease will be effective upon approval of the Board of Supervisors.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The recommended action will allow DCSS to expand its current space to provide numerous community-based social services at the Santa Clarita Valley Service Center in order to meet the needs of the community. The Santa Clarita Valley Service Center provides services to underprivileged individuals and families residing in the County of Los Angeles, both by DCSS staff and by community agencies.

The proposed facility will house 15 permanent and volunteer staff and consists of 5,700 rentable square feet of office space at 24269-73 San Fernando Road in Newhall.

#### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case constituent-serving programs and functions that serve the common community population are being brought together to make services easier for clients to access as delineated in Attachment A.

The Honorable Board of Supervisors  
January 8, 2002  
Page 3

### **FISCAL IMPACT/FINANCING**

The annual cost of the lease will initially range from a base rental rate of \$68,400 to a maximum of \$85,842, depending upon the actual cost of reimbursable TI funds expended for the project.

<b>24269-73 San Fernando Road Newhall</b>	<b>CURRENT LEASE</b>	<b>PROPOSED LEASE</b>
Area	1,942 rentable square feet	5,700 rentable square feet
Term	1 year	10 years
Annual Base Rent*	\$23,304 (\$12.00/sq. ft.)	\$68,400 (\$12.00/sq. ft.)
TI Allowance Included in Base Rent**	N/A	T.I. Build to Suit
Maximum Additional TI Allowance***	N/A	\$110,000 (\$19.30/sq. ft.)
Maximum Annual Rent	\$23,304 (\$12.00/sq. ft.)	\$85,842 (\$15.06/sq. ft.)
Option to Extend	N/A	One five-year option
Cancellation****	At any time upon 90 days prior written notice	At or anytime after 5 years upon 60 days prior written notice
Parking (Included in Base Rent)	7 spaces	20 spaces

\* The rate is on a modified full service basis; the County will pay the cost of separately metered electricity estimated at \$2.15 per square foot per year and janitorial services estimated at \$1.03 per square foot per year.

\*\* The lessor is providing most of the T.I. costs at his sole cost and expense. The County will be reimbursing the lessor for electrical upgrades and telecommunications.

\*\*\* \$110,000 represents the maximum additional TI dollars available, which is equivalent to \$17,444 or \$3.06 per square foot annually, amortized at 10 percent over ten years.

\*\*\*\* Upon cancellation the County will reimburse the Lessor the cost of the unamortized TIs and broker's commissions.

Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to DCSS. Sufficient funding is available in the 2001-02 DCSS Budget to cover the projected lease costs.

Newhallbdltr

The Honorable Board of Supervisors  
January 8, 2002  
Page 4

The cost associated with the proposed lease will be 96 percent funded by State and Federal subvention.

The monthly base rent is subject to annual CPI adjustment with a minimum of 3 percent and a maximum of 5 percent increase.

The cost of the telephone system will be paid in a lump sum or amortized over a five-year period by DCSS.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The 15 member staff will provide services which include information and referral to public and private agencies, emergency food, shelter, clothing and bus transportation, utilities service payment assistance, delinquency prevention, translation and preparation of documents, volunteer mediation services, immigration counseling and citizenship services and advocacy for human services.

The Santa Clarita Valley Service Center implements special programs/projects geared to assist community needs. Projects include the annual operation immunization, disabled outreach project, infant-preschool and parenting classes, single mother outreach, healthcare providers roundtable, holiday assistance program and the summer camp program for low income children.

The proposed ten-year lease provides approximately 5,700 rentable square feet of office space and 20 surface parking spaces. The lease contains the following provisions:

- An annual base rent of \$68,400, or \$12.00 per square foot per year. DCSS intends to sublease a portion of the space to the Salvation Army and other interested groups in order to better serve clients and expand community services.
- The lessor will provide most of the TI's for the County at its sole cost and expense.

The Honorable Board of Supervisors  
January 8, 2002  
Page 5

- A reimbursable additional TI allowance of \$110,000, or \$19.30 per rentable square foot. The actual cost will be amortized over the initial ten-year term at an interest rate of 10 percent or may be paid in a lump sum at any time during the term.

• All TI expenditures shall be approved in writing by the CAO. All construction shall be in compliance with Paragraph 26, "Tenant Improvements", and the Tenant Improvement Work Letter attached as Exhibit G, and referenced in Paragraph 26, Section A of the proposed lease.

- One option to extend the term for an additional five years upon the same terms and conditions as defined in the lease.
- A right to cancel by the County after five years of the lease term upon 60 days prior written notice. The County will reimburse the Lessor for the unamortized cost of the TIs paid by the Lessor.
- The lease is modified full service gross with the County responsible for the cost of separately metered electricity and janitorial services. The Lessor will be responsible for all other operating and maintenance costs.
- A right to purchase the property for a fixed price of \$3,000,000.
- The Lessor will provide 20 parking spaces included in the rental rate which is sufficient to meet the parking needs of staff and program participants.
- No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not retroactively approve expenditures. Any unapproved expenditure by the Lessor, even if it benefits the County, shall not be recovered by the Lessor, who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 31, of the proposed lease.

The Honorable Board of Supervisors  
January 8, 2002  
Page 6

CAO Real Estate staff surveyed the area in the cities of Newhall, Santa Clarita and Saugus specified by DCSS to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County owned and leased facilities within the search area for this program, and there are no County owned or leased facilities available for these programs.

Based upon a survey of similar properties in the specified area, staff has determined that the base rental range, including parking is between \$12.00 and \$21.60 per rentable square foot. Thus, the base annual rental rate of \$12.00 provided in the proposed lease represents the lowest rate in the range of market rates.

The proposed lease was reviewed and approved by the Board's appointed Real Estate Management Commission on November 28, 2001.

The Department of Public Works, has considered the facility and found it suitable for County occupancy under a lease.

The need for an on-site child care facility was considered; however, the proposed building has no remaining available space to house a child care center.

#### **NEGATIVE DECLARATION / ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

The Honorable Board of Supervisors  
January 8, 2002  
Page 7

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DCSS concurs with this lease recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Lease and Agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:SNY  
CWW:CB:hd

Attachments (5)

c: County Counsel  
Auditor-Controller  
Department of Community and Senior Services  
Internal Services Department

Newhallbdltr

## ATTACHMENT A

DEPARTMENT OF COMMUNITY AND SENIOR SERVICES  
24269-73 SAN FERNANDO ROAD, NEWHALL

### Asset Management Principles Compliance Form<sup>1</sup>

	YES	NO	NA
<b>1. <u>Occupancy</u></b>			
A Does lease consolidate administrative functions? <sup>2</sup>	<u>      </u>	<u>      </u>	<u><b>X</b></u>
B Does lease co-locate with other Department functions to better serve clients? <sup>2</sup> <b>No suitable County owned or leased space is available</b>	<u>      </u>	<u><b>X</b></u>	<u>      </u>
C Does this lease centralize business support functions? <sup>2</sup>	<u>      </u>	<u>      </u>	<u><b>X</b></u>
D Does lease meet the guideline of 200 sf of space per person? <sup>2</sup> <b>(1/380) Space is provided for staff along with space to accommodate specialized services for support groups, activities, mediation and counseling.</b>	<u>      </u>	<u><b>X</b></u>	<u>      </u>
<b>2. <u>Capital</u></b>			
A Should program be in leased space to maximize State/Federal funding?	<u>      </u>	<u>      </u>	<u><b>X</b></u>
B If not, is this a long term County program?	<u>      </u>	<u>      </u>	<u><b>X</b></u>
C Is it a net County cost (NCC) program? List % NCC <b>100%</b>	<u><b>X</b></u>	<u>      </u>	<u>      </u>
D If yes to 2 B or C; capital lease or operating lease with an option ?	<u><b>X</b></u>	<u>      </u>	<u>      </u>
E If no, are there any suitable County owned facilities available?	<u>      </u>	<u>      </u>	<u><b>X</b></u>
F If yes, why is lease being recommended over occupancy in County owned space? <b>No County owned facilities are available for the project.</b>	<u>      </u>	<u>      </u>	<u><b>X</b></u>
G Is Building Description Report attached as "Attachment B"? <sup>2</sup>	<u><b>X</b></u>	<u>      </u>	<u>      </u>
H Was build to suit or capital project considered? <sup>2</sup> <b>The proposed building is available at below market rates.</b>	<u>      </u>	<u>      </u>	<u><b>X</b></u>
<b>3. <u>Portfolio Management</u></b>			
A Did department utilize CAO Space Request Evaluation(SRE)? <sup>2</sup>	<u><b>X</b></u>	<u>      </u>	<u>      </u>
B Was the space need justified?	<u><b>X</b></u>	<u>      </u>	<u>      </u>
C If a renewal lease, was co-location with other County departments considered?	<u>      </u>	<u>      </u>	<u><b>X</b></u>
D Why was this program not co-located?	<u>      </u>	<u>      </u>	<u>      </u>
1. <u>      </u> The program clientele requires a "stand alone" facility.			
2. <u><b>X</b></u> No suitable County occupied properties in project area.			
3. <u><b>X</b></u> No County owned facilities available for the project			
4. <u>      </u> Could not get City clearance or approval			
5. <u>      </u> The Program is being co-located			
E Is lease a full service lease? <sup>2</sup> County pays for utilities and janitorial services.	<u>      </u>	<u><b>X</b></u>	<u>      </u>
F Has growth projection been considered in space request?	<u><b>X</b></u>	<u>      </u>	<u>      </u>
G Has the Dept. of Public Works completed seismic review/approval? Built 1971.	<u><b>X</b></u>	<u>      </u>	<u>      </u>

<sup>1</sup> As approved by the Board of Supervisors 11/17/98

Please **BOLD** any written responses

<sup>2</sup> If not, why not?



ATTACHMENT "B"  
SPACE SEARCH-CITIES OF NEWHALL, SANTA CLARITA AND SAUGUS

LACO	FACILITY NAME	ADDRESS	GROSS	SQ.FT. NET	SQ.FT. OWNERSHIP
0090	PW Road-Div #5533 Maintenance Yard Office	17931 Sierra Hwy, Santa Clarita	820	738	Owned
Y210	Public Library-Canyon Country Library	18538 Soledad Canyon Rd., Santa Clarita	5050	4499	Owned
X210	Placerita Canyon-Maintenance Office/Storage	19152 Placerita Canyon Rd., Newhall	300	291	Permit
F487	PW Flood-Santa Clara Maintenance Crew Off	21014 Golden Triangle Rd., Santa Clarita	125	112	Owned
4085	Public Library-Newhall Library	22704 W. 9 <sup>th</sup> St., Santa Clarita	4842	3432	Owned
T593	Santa Clarita Senior Cntr-Offices	22900 Market St., Santa Clarita	12120	10512	Permit
A156	DC&FS-Region V111 Santa Clarita Srvs	23502 Lyons Ave., Santa Clarita	12892	10958	Leased
5541	Public Library-Valencia Library	23743 W. Valencia Blvd., Santa Clarita	24144	19245	Owned
5543	Santa Clarita Courthouse	23747 W. Valencia Blvd., Santa Clarita	32950	17833	Owned
5542	Santa Clarita Administrative Cntr Bldg	23757 W. Valencia Blvd., Santa Clarita	22767	20427	Owned
A920	Brd. Of Sup-5th Dist Field Office	23920 W. Valencia Blvd., Santa Clarita	1224	1026	Leased
X151	Hart	24151 San Fernando Blvd., Santa Clarita	2916	1901	Owned
D125	Santa Clarita MH/Environ Health	25050 Peachland Ave., Santa Clarita	8206	6705	Leased
A510	DCSS-Santa Clarita Adult Protective Srvs	26705 Bouquet Canyon Rd., Santa Clarita	288	270	Permit
A341	DPSS-Santa Clarita Branch/Lancaster APDist	27233 Camp Plenty Rd., Santa Clarita	8400	5610	Leased
T514	Camp Scott	28700 N. Bouquet Canyon Rd., Saugus	9549	5830	Owned
X127	PCHS DT Ctr	29310 The Old Rd., Castaic	43408	30702	Owned